

By: Nichols

S.B. No. 1110

A BILL TO BE ENTITLED

AN ACT

relating to the purposes and designation of a transportation
reinvestment zone.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter E, Chapter 222, Transportation Code,
is amended by adding Section 222.1001 to read as follows:

Sec. 222.1001. DEFINITION. In this subchapter,
"transportation project" has the meaning assigned by Section
370.003.

SECTION 2. Section 222.105, Transportation Code, is amended
to read as follows:

Sec. 222.105. PURPOSES. The purposes of Sections 222.106
and 222.107 are to:

- (1) promote public safety;
- (2) facilitate the improvement, development, or
redevelopment of property;
- (3) facilitate the movement of traffic; and
- (4) enhance a local entity's ability to sponsor a
transportation project [~~authorized under Section 222.104~~].

SECTION 3. Sections 222.106(b), (c), (g), (i), (i-1),
(i-2), and (j), Transportation Code, are amended to read as
follows:

(b) This section applies only to a municipality in which a
transportation project is to be developed under Section 222.104 or

1 222.108.

2 (c) If the governing body determines an area to be
3 unproductive and underdeveloped and that action under this section
4 will further the purposes stated in Section 222.105, the governing
5 body of the municipality by ordinance may designate a contiguous
6 geographic area in the jurisdiction of the municipality to be a
7 transportation reinvestment zone to promote one or more [~~a~~]
8 transportation projects [~~project~~].

9 (g) The ordinance designating an area as a transportation
10 reinvestment zone must:

11 (1) describe the boundaries of the zone with
12 sufficient definiteness to identify with ordinary and reasonable
13 certainty the territory included in the zone;

14 (2) provide that the zone takes effect immediately on
15 passage of the ordinance and that the base year shall be the year of
16 passage of the ordinance or some year in the future;

17 (3) assign a name to the zone for identification, with
18 the first zone designated by a municipality designated as
19 "Transportation Reinvestment Zone Number One, (City or Town, as
20 applicable) of (name of municipality)," and subsequently
21 designated zones assigned names in the same form, numbered
22 consecutively in the order of their designation;

23 (4) designate the base year for purposes of
24 establishing the tax increment base of the municipality;

25 (5) establish a tax increment account for the zone;
26 and

27 (6) contain findings that promotion of the

1 transportation project or projects will cultivate the improvement,
2 development, or redevelopment of the zone.

3 (i) All or the portion specified by the municipality of the
4 money deposited to a tax increment account must be used to fund the
5 transportation project or projects for which the zone was
6 designated, as well as aesthetic improvements within the zone. Any
7 remaining money deposited to the tax increment account may be used
8 for other purposes as determined by the municipality. A
9 municipality may issue bonds to pay all or part of the cost of a
10 ~~[the]~~ transportation project and may pledge and assign all or a
11 specified amount of money in the tax increment account to secure
12 repayment of those bonds.

13 (i-1) The governing body of a municipality may contract with
14 a public or private entity to develop, redevelop, or improve a
15 transportation project in a transportation reinvestment zone and
16 may pledge and assign all or a specified amount of money in the tax
17 increment account to that entity. After a pledge or assignment is
18 made, ~~[if the entity that received the pledge or assignment has~~
19 ~~itself pledged or assigned that amount to secure bonds or other~~
20 ~~obligations issued to obtain funding for the transportation~~
21 ~~project,~~] the governing body of the municipality may not rescind
22 its pledge or assignment until the contractual commitments that are
23 the subject of ~~[bonds or other obligations secured by]~~ the pledge or
24 assignment have been satisfied ~~[paid or discharged]~~.

25 (i-2) To accommodate changes in the limits of a ~~[the]~~
26 project for which a reinvestment zone was designated, the
27 boundaries of a zone may be amended at any time, except that:

1 (1) property may not be removed or excluded from a
2 designated zone if any part of the tax increment account has been
3 assigned or pledged directly by the municipality or through another
4 entity to secure bonds or other obligations issued to:

5 (A) obtain financing ~~[funding]~~ of the project; or

6 (B) provide funding for the development of a
7 project; ~~[7]~~ and

8 (2) property may not be added to a designated zone
9 unless the governing body of the municipality complies with
10 Subsections (e) and (g).

11 (j) Except as provided by Subsections (i-1) and (k), a
12 transportation reinvestment zone terminates on December 31 of the
13 year in which the municipality completes:

14 (1) all ~~[a]~~ contractual requirements ~~[requirement, if~~
15 ~~any]~~ that included the pledge or assignment of all or a portion of
16 money deposited to a tax increment account; or

17 (2) the repayment of money owed under an agreement for
18 development, redevelopment, or improvement of the project or
19 projects for which the zone was designated.

20 SECTION 4. Sections 222.107(b), (c), (e), (f), (k-1), and
21 (l), Transportation Code, are amended to read as follows:

22 (b) This section applies only to a county in which a
23 transportation project is to be developed under Section 222.104 or
24 222.108.

25 (c) The commissioners court of the county, after
26 determining that an area is unproductive and underdeveloped and
27 that action under this section would further the purposes described

1 by Section 222.105, by order or resolution may designate a
2 contiguous geographic area in the jurisdiction of the county to be a
3 transportation reinvestment zone to promote one or more [a]
4 transportation projects [~~project and for the purpose of abating ad~~
5 ~~valorem taxes or granting other relief from taxes imposed by the~~
6 ~~county on real property located in the zone~~].

7 (e) Not later than the 30th day before the date the
8 commissioners court proposes to designate an area as a
9 transportation reinvestment zone under this section, the
10 commissioners court must hold a public hearing on the creation of
11 the zone, its benefits to the county and to property in the proposed
12 zone, and the possible abatement of ad valorem taxes or the grant of
13 other relief from ad valorem taxes imposed by the county on real
14 property located in the zone. At the hearing an interested person
15 may speak for or against the designation of the zone, its
16 boundaries, or the possible abatement of or the relief from county
17 taxes on real property in the zone. Not later than the seventh day
18 before the date of the hearing, notice of the hearing and the intent
19 to create a zone must be published in a newspaper having general
20 circulation in the county.

21 (f) The order or resolution designating an area as a
22 transportation reinvestment zone must:

23 (1) describe the boundaries of the zone with
24 sufficient definiteness to identify with ordinary and reasonable
25 certainty the territory included in the zone;

26 (2) provide that the zone takes effect immediately on
27 adoption of the order or resolution and that the base year shall be

1 the year of passage of the order or resolution or some year in the
2 future;

3 (3) assign a name to the zone for identification, with
4 the first zone designated by a county designated as "Transportation
5 Reinvestment Zone Number One, County of (name of county)," and
6 subsequently designated zones assigned names in the same form
7 numbered consecutively in the order of their designation;

8 (4) designate the base year for purposes of
9 establishing the tax increment base of the county; ~~and~~

10 (5) establish an ad valorem tax increment account for
11 the zone; and

12 (6) contain findings that promotion of the
13 transportation project or projects will cultivate the improvement,
14 development, or redevelopment of the zone.

15 (k-1) To accommodate changes in the limits of a ~~the~~
16 project for which a reinvestment zone was designated, the
17 boundaries of a zone may be amended at any time, except that:

18 (1) property may not be removed or excluded from a
19 designated zone if any part of the tax increment or assessment has
20 been assigned or pledged directly by the county or through another
21 entity to secure bonds or other obligations issued to:

22 (A) obtain financing ~~[funding]~~ of a ~~the~~
23 project; or

24 (B) provide funding for the development of a
25 project; ~~[7]~~ and

26 (2) property may not be added to a designated zone
27 unless the commissioners court of the county complies with

1 Subsections (e) and (f).

2 (1) Except as provided by Subsection (m), a transportation
3 reinvestment zone, a tax abatement agreement entered into under
4 Subsection (h), or an order or resolution on the abatement of taxes
5 or the grant of relief from taxes under that subsection~~[7]~~
6 terminates on December 31 of the year in which the county completes:

7 (1) all ~~[any]~~ contractual requirements ~~[requirement]~~
8 that included the pledge or assignment of all or a portion of:

9 (A) money deposited to a tax increment account;
10 or

11 (B) the assessments collected under this
12 section; or

13 (2) the repayment of money owed under an agreement for
14 the development, redevelopment, or improvement of the project for
15 which the zone was designated.

16 SECTION 5. Section 222.107(h), Transportation Code, as
17 amended by Chapters 475 (H.B. 563) and 1345 (S.B. 1420), Acts of the
18 82nd Legislature, Regular Session, 2011, is reenacted to read as
19 follows:

20 (h) The commissioners court may:

21 (1) from taxes collected on property in a zone, pay
22 into a tax increment account for the zone an amount equal to the tax
23 increment produced by the county less any amounts allocated under
24 previous agreements, including agreements under Section 381.004,
25 Local Government Code, or Chapter 312, Tax Code;

26 (2) by order or resolution enter into an agreement
27 with the owner of any real property located in the transportation

1 reinvestment zone to abate all or a portion of the ad valorem taxes
2 or to grant other relief from the taxes imposed by the county on the
3 owner's property in an amount not to exceed the amount calculated
4 under Subsection (a)(1) for that year;

5 (3) by order or resolution elect to abate all or a
6 portion of the ad valorem taxes imposed by the county on all real
7 property in a zone; or

8 (4) grant other relief from ad valorem taxes on
9 property in a zone.

10 SECTION 6. Section 222.107(h-1), Transportation Code, as
11 added by Chapter 1345 (S.B. 1420), Acts of the 82nd Legislature,
12 Regular Session, 2011, is reenacted and amended to conform to
13 Section 222.107(h), Transportation Code, as amended by Chapter 475
14 (H.B. 563), Acts of the 82nd Legislature, Regular Session, 2011, to
15 read as follows:

16 (h-1) All abatements or other relief granted by the
17 commissioners court in a transportation reinvestment zone must be
18 equal in rate. In any ad valorem tax year, the total amount of the
19 taxes abated or the total amount of relief granted under this
20 section may not exceed the amount calculated under Subsection
21 (a)(1) for that year, less any amounts allocated under previous
22 agreements, including agreements under Chapter 381 [~~Section~~
23 ~~381.004~~], Local Government Code, or Chapter 312, Tax Code.

24 SECTION 7. Section 222.107(h-1), Transportation Code, as
25 added by Chapter 475 (H.B. 563), Acts of the 82nd Legislature,
26 Regular Session, 2011, is redesignated as Section 222.107(h-2),
27 Transportation Code, and amended to read as follows:

1 (h-2) [~~(h-1)~~] To further the development of the
 2 transportation project or projects for which the transportation
 3 reinvestment zone was designated, a county may assess all or part of
 4 the cost of the transportation project or projects against property
 5 within the zone. The assessment against each property in the zone
 6 may be levied and payable in installments in the same manner as
 7 provided by Sections 372.016-372.018, Local Government Code,
 8 provided that the installments do not exceed the total amount of the
 9 tax abatement or other relief granted under Subsection (h). The
 10 county may elect to adopt and apply the provisions of Sections
 11 372.015-372.020 and 372.023, Local Government Code, to the
 12 assessment of costs and Sections 372.024-372.030, Local Government
 13 Code, to the issuance of bonds by the county to pay the cost of a
 14 transportation project. The commissioners court of the county may
 15 contract with a public or private entity to develop, redevelop, or
 16 improve a transportation project in the transportation
 17 reinvestment zone, including aesthetic improvements, and may
 18 pledge and assign to that entity all or a specified amount of the
 19 revenue the county receives from the tax increment or the
 20 installment payments of the assessments for the payment of the
 21 costs of that transportation project. After a pledge or assignment
 22 is made, [~~if the entity that received the pledge or assignment has~~
 23 ~~itself pledged or assigned that amount to secure bonds or other~~
 24 ~~obligations issued to obtain funding for the transportation~~
 25 ~~project,~~] the commissioners court of the county may not rescind its
 26 pledge or assignment until the contractual commitments that are the
 27 subject of [~~bonds or other obligations secured by~~] the pledge or

1 assignment have been satisfied [~~paid or discharged~~]. Any amount
2 received from the tax increment or the installment payments of the
3 assessments not pledged or assigned in connection with a [~~the~~]
4 transportation project may be used for other purposes as determined
5 by the commissioners court [~~associated with the transportation~~
6 ~~project or in the zone~~].

7 SECTION 8. Section 222.108(a), Transportation Code, is
8 amended to read as follows:

9 (a) A [~~Notwithstanding the requirement in Sections~~
10 ~~222.106(b) and 222.107(b) that a transportation reinvestment zone~~
11 ~~be established in connection with a project under Section 222.104,~~
12 ~~a]~~ municipality or county may establish a transportation
13 reinvestment zone for one or more [~~any~~] transportation projects
14 [~~project~~]. If all or part of a [~~the~~] transportation project is
15 subject to oversight by the department, at the option of the
16 governing body of the municipality or county, the department, to
17 the extent permitted by law, shall delegate full responsibility for
18 the development, design, letting of bids, and construction of the
19 project, including project inspection, to the municipality or
20 county. After assuming responsibility for a project under this
21 subsection, a municipality or county shall enter into an agreement
22 with the department that prescribes:

- 23 (1) the development process;
24 (2) the roles and responsibilities of the parties; and
25 (3) the timelines for any required reviews or
26 approvals.

27 SECTION 9. Section 222.110(e), Transportation Code, is

1 amended to read as follows:

2 (e) The sales and use taxes to be deposited into the tax
3 increment account under this section may be disbursed from the
4 account only to:

5 (1) pay for projects authorized under Section 222.104
6 or 222.108 [~~, including the repayment of amounts owed under an~~
7 ~~agreement entered into under that section~~]; and

8 (2) notwithstanding Sections 321.506 and 323.505, Tax
9 Code, satisfy claims of holders of tax increment bonds, notes, or
10 other obligations issued or incurred for projects authorized under
11 Section 222.104 or 222.108.

12 SECTION 10. Subchapter E, Chapter 222, Transportation Code,
13 is amended by adding Section 222.111 to read as follows:

14 Sec. 222.111. JOINT ADMINISTRATION OF TRANSPORTATION
15 REINVESTMENT ZONES. (a) The governing bodies of two or more local
16 governments that have designated a transportation reinvestment
17 zone under Section 222.106 or 222.107 for the same transportation
18 project or projects may enter into an agreement to provide for the
19 joint administration of the transportation reinvestment zones. The
20 agreement may provide for:

21 (1) the creation of a board of directors to oversee the
22 transportation reinvestment zones, including the implementation of
23 a transportation project in the zones;

24 (2) the establishment of a joint tax increment account
25 for the transportation reinvestment zones, provided that funds from
26 a zone created under Section 222.106 and funds from a zone created
27 under Section 222.107 must be maintained in separate accounts;

1 (3) the commitment of each participating entity to
2 transfer the tax increment or assessment, or the portion thereof
3 dedicated to a transportation project, to an account subject to the
4 joint administration; and

5 (4) to the extent legally permitted, the pledge or
6 assignment of the tax increment or assessment to an entity
7 developing a transportation project or providing funding for a
8 transportation project.

9 (b) A board of directors is composed of one person appointed
10 by each local government that is a party to the agreement providing
11 for joint administration of the transportation reinvestment zones
12 and one person appointed by agreement of those local governments.

13 SECTION 11. Sections 222.107(i-1) and 222.108(d),
14 Transportation Code, are repealed.

15 SECTION 12. This Act takes effect September 1, 2013.